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STATE FOR DRL, NEA/ARP
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TAGS: [ELAB](#) [EWWT](#) [PGOV](#) [ETRD](#) [ECON](#) [MU](#)
SUBJECT: IMPENDING REGULATIONS MAY TRIGGER INCREASE IN STRIKES

REF: A. MUSCAT 1458

[1](#)B. MUSCAT 1874

[1](#)1. (SBU) Summary: Workers at one of Oman's publicly-owned power plants went on strike before arriving at a settlement on wages and job security. Contacts suggest that the publication of implementing regulations for recent labor law reforms may herald more strikes in the coming year. While contacts are uniform in anticipating a surge in worker action to win salary increases, union representatives at the national level warn that they are unprepared to help resolve strikes and worker complaints. End summary.

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Workers Strike at Electric Power Plant
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[1](#)2. (SBU) Local press on October 16 reported that employees of the Rusail Power Plant, a publicly-managed electric power station northwest of Muscat, went on strike the morning of October 14, curtailing operations for approximately 24 hours. Employees called the strike after the plant's operator, the National Electric Company, circulated a letter announcing that it planned to terminate all employee contracts as of January 2007, when the plant is scheduled to be privatized and handed over to new foreign management. According to Post contacts, the letter explained that the new company would conduct interviews with each employee, but did not guarantee continued employment.

[1](#)3. (SBU) Contacts also reported that 38 workers sent a petition to the plant's management approximately one week before the strike, arguing that the company's action was illegal. The workers maintained that Omani law guarantees jobs for up to five years after privatization or until the government is able to place workers in a comparable position. The strike ended after officials from the Ministry of Manpower (MOM), Royal Oman Police and Oman's Electricity Holding Company negotiated a settlement with employee representatives, in which the Holding Company agreed to pay the salaries of those workers not rehired for up to five years if no alternative employment is available.

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More Strikes to Come?
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[1](#)4. (SBU) The strike by the plant's non-unionized workers occurred while the government is drafting regulations to implement recent reforms to its 2003 labor law, which are

expected to define workers' right to strike, bargain collectively and form unions (ref A). Most contacts anticipate an increase in strikes after the government publishes its regulations, and believe that the total number of strikes will exceed the six that the MOM reported in 2005.

Union representatives in particular suggest that the regulations may encourage workers to strike to secure wage increases and greater job security. Awab al Shaary, union president at the Crowne Plaza Hotel in Salalah, told Poleoff that workers throughout Salalah are complaining of stagnant wages, unpaid overtime and long hours. He reported that many long-time hotel employees are frustrated by a perceived lack of support from the hotel's management, citing complaints that many have been working at the same jobs for more than ten years without a bonus or pay increase. Union contacts in other parts of Oman state that workers may decide to strike for an increase in the minimum wage for Omani citizens, arguing that the current rate of 120 Omani Riyals (OR)/month is depressing wages across the board.

15. (SBU) Contacts in management say they are aware of general worker dissatisfaction on the issue of salaries, and are concerned that union membership and strikes may proliferate under the new regulations. Chief officers at Port of Salalah, where a strike on December 11, 2005 paralyzed operations for two days (ref B), however, were dismissive of worker complaints, arguing that their workers already are overpaid and under-skilled. Ahmed Akaak, Director of Human Resources at the port and a leader in its union, characterized his dock workers as young and immature and unable to understand their role and responsibilities to both employer and union. Akaak and other officers at the port stated that they hope the regulations ban involvement from outside activists and international groups in local union activity in order to help curb what they anticipate could be

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an increase in worker agitation.

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The General Federation Unprepared to Act
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16. (SBU) Representatives of the General Federation of Workers of the Sultanate of Oman (Federation) warn that if there is a surge in strikes, the Federation is unprepared to help resolve them. Federation contacts further claim that they currently lack a clear understanding of their relationship with the MOM in resolving worker complaints. Regarding the strike at the Rusail Power Plant, Federation leaders contend that power plant employees informed the Federation of their intention to strike almost ten days before they took action. The Federation then immediately informed the MOM's Director General of Labor Affairs of the impending strike. The Ministry reportedly did not consult with the Federation again, however, and the Federation alleges that it only learned about the resolution of the strike through the local newspapers. Federation contacts stated that they intend to write a letter of complaint to the Minister of Manpower, Juma bin al-Juma, requesting that he clarify Federation and Ministry roles in negotiating work stoppages.

17. (SBU) Comment: Most contacts anticipate that the impending regulations on the right to strike, collective bargaining and freedom of association may change the status quo in labor relations. Many believe that workers may feel emboldened to improve their wages once they have a firmer legal backing. Other, more cynical voices- mostly among management representatives- worry that the law will encourage a herd mentality, in which workers join unions and strike simply to take advantage of a newly felt sense of freedom. Ultimately, it may be Oman's labor market- in which the pool of workers currently is larger than the number of available jobs- that has the most significant effect on whether strikes increase.
FONTENEAU